



2005 ANNUAL REPORT

Fiscal Data

These pages account for the revenues DNR generated, collected and expended during Fiscal Year 2005 (July 1, 2004 – June 30, 2005).

Most revenues DNR generated are from activities on state upland trust lands and aquatic lands. (See related stories, pp. 4-10). Distribution of revenue is governed by statute, and varies according to trust and revenue source.

About These Pages

- Fiscal information is presented as a combination of tables, pie charts and notes. The notes provide context for the tables.
- Underlined bold numbers are totals or subtotals.
- Some pages show dollars in thousands. Totals may not add due to rounding.

For More Information



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There is no individual page for the Community College Forest Reserve Trust. See Fund Activity (page 29).

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Fiscal Notes

These numbered notes provide context and explanations for data in the tables on the fiscal pages that follow, where they are referred to by numerical superscript. A note may apply to more than one page. Although similar to notes in prior reports, these notes apply only to this report (FY 2005).

ACRONYMS

ACTMA	Agricultural College Trust Management Account
ALEA	Aquatic Lands Enhancement Account
CEP&RI	Charitable, Educational, Penal and Reform Institution Trust
COLA	Cost of Living Adjustment
CWU	Central Washington University
EWU	Eastern Washington University
FDA	Forest Development Account
FY05	Fiscal Year 2005 (July 1, 2004 – June 30, 2005)
K-12	Kindergarten-12th grade schools
RMCA	Resource Management Cost Account
TESC	The Evergreen State College
UW	University of Washington
WSU	Washington State University
WWU	Western Washington University

1 REVENUE SOURCES

Timber sales-related activities include contract extensions, slash disposal, trespasses, and default settlement payments.

Miscellaneous sales include publications, GIS data, honor camp activities, and surveys and maps.

Miscellaneous leases include special use and special forest products.

Interest income includes interest on contracts, interest assessed for late payments, and interest earned from account (treasurer's interest).

Permits, fees, and related charges include surface mining permits, log patrol licenses, aquatic lands dredged material disposal site fees, forest practices damage assessments and permits, survey records recording fees, application/assignment fees, burning permit fees, and local government assessments.

Miscellaneous other revenue includes prior period adjustments and recoveries of prior biennium expenditures, treasurer transfers, as well as revenue from the Off-Road Vehicle and Natural Resources Conservation Areas Stewardship accounts. FY 2004 miscellaneous revenue includes recovery of \$15,562,266 in General Fund for prior period fire suppression costs.

Operating transfers include transfers attributed to prior period revenue.

2 EXPENDITURE CATEGORIES

Administration includes Executive Management, Internal Audit, Communications, and Budget & Economics.

Interagency payments are payments made to other state agencies such as the Attorney General, State Auditor, General Administration, Dept. of Personnel, Office of Financial Management, Dept. of Information Services, Office of Minority and Women's Business Enterprises, and Secretary of State.

Agency support activities include the following programs: Human Resources (personnel, safety, training), Financial Management (accounting, risk management, purchasing), Information Technology, Geographic Information Systems, Facilities, and Region Administration.

3 LAND TRANSFERS

Real Property Replacement: During FY 2005, a total of \$11,875,853, an amount equivalent to the property value, was received from (1) transfers to other government entities, (2) resolution of trespass violations, or (3) transfers in lieu of condemnation. The above amount includes interest earnings. This money is used to acquire replacement trust lands.

Sale of Compound: During FY 2005, \$12,503,320 was distributed to the Parkland Trust Revolving Account from the sale of the DNR Lacey Compound.

Trust Land Transfer: During FY 2005, a total of \$21,872,000 was distributed to the Common School Construction Account from the Trust Land Transfer program.

4 LAND BANK

DNR uses the Land Bank program (Chapter 79.19 RCW) to reposition trust land assets for better future income production. Through the Land Bank, state trust lands are first auctioned to private buyers. Proceeds of land sales made under this "sell first" process are held in the Resource Management Cost Account (RMCA) until they can be used to purchase replacement trust lands. This revenue from trust property sales should equal or exceed the cost of trust property purchases. However, during any one fiscal year the transactions may not balance. (E.g., a property has been sold, but property to replace it has not yet been purchased.) Land bank transactions are accounted for by trust within each of DNR's management funds.

Revenue from FY 2005 sales and existing contracts were \$5,493,555 to the RMCA. A total of \$7,295,372 in the RMCA is reserved to acquire property to replace trust property previously sold through the "sell first" process of the Land Bank program.

5 AGRICULTURAL COLLEGE TRUST MANAGEMENT ACCOUNT

Per RCW 79.64.090, the revenue on Agricultural College trust lands is distributed 100 percent to the agricultural college permanent fund or WSU bond retirement account. The management of the Agricultural College trust lands is funded from the Agricultural Trust Management Account. This account depends on legislative appropriation for funding. Currently, the legislature appropriates the money for this purpose under a proviso in the General Fund. For FY 2005, the total expenditures related to the management of the Agricultural College trust lands were \$949,153 (\$910,000 of which was recorded under the General Fund proviso).

6 OFF-ROAD VEHICLE (ORV) ACCOUNT

This fund provides for acquisition, planning, development, maintenance and management of ORV recreation facilities, non-highway roads and non-highway road recreation facilities; education and law enforcement programs related to non-highway vehicles; and construction and maintenance of campgrounds and trailheads.

DNR, the Department of Fish and Wildlife, and the Parks and Recreation Commission spend from the fund in support of these functions. The Department of Licensing collects revenue for the fund, and DNR administers the fund according to Legislative appropriations. The following is the total fund fiscal activity for FY 2005:

Beginning Balance		\$1,077,971
Revenue:		
Licensing		2,136,702
Expenditures:		
Natural Resources	\$(2,148,676)	
Parks and Recreation	(122,732)	
Fish and Wildlife	(328,565)	
Expenditure Subtotal		(2,599,974)
Net Fiscal Activity		(463,272)
Ending Balance		\$614,699

7 AQUATIC LANDS ENHANCEMENT ACCOUNT

This fund provides for the purchase, improvement and protection of aquatic lands for public purposes. DNR, the Department of Fish and Wildlife, the Department of Agriculture, the Parks and Recreation Commission, and the Interagency Committee for Outdoor Recreation spend from the fund for these purposes. DNR administers this fund, and only the DNR fiscal activity is reported in the DNR-Administered Funds section of this report (page 28).

The following is the total fund fiscal activity for FY 2005:

Beginning Balance		\$8,966,032
Revenue:		
Natural Resources	\$10,690,346	
Fish and Wildlife	71	
Interagency Comm. for Outdoor Rec.	51,973	
Distribution to Fourth Class Towns	(86,640)	
Revenue Subtotal		10,655,750
Expenditures:		
Natural Resources	(4,870,298)	
Fish and Wildlife	(3,307,538)	
Parks and Recreation	(156,414)	
Agriculture	(925,364)	
Interagency Comm. for Outdoor Rec.	(1,761,903)	
Expenditure Subtotal		(11,021,517)
Net Fiscal Activity		(365,767)
Ending Balance		\$8,600,265

*Expenditures for other agencies include Operating Transfers, if any.

8 DERELICT VESSEL REMOVAL ACCOUNT

This fund provides for costs and reimbursements to authorized public entities for the removal of derelict and abandoned vessels. DNR spends from the fund for these purposes, and the Department of Licensing spends from the account for the purpose of administering the collection of revenue for the fund. DNR administers this fund, and only DNR fiscal activity is reported in the DNR-Administered Funds section of this report (page 28).

The following is the total fund fiscal activity for FY 2005:

Beginning Balance		\$458,247
Revenue:		
Licensing	\$548,494	
Revenue Subtotal		548,494
Expenditures:		
Natural Resources	(260,795)	
Licensing	(31,000)	
Expenditure Subtotal		(291,795)
Net Fiscal Activity		256,699
Ending Balance		\$714,947

*Expenditures for other agencies include Operating Transfers, if any.

9 FDA/RMCA LOAN REPAYMENT

Board of Natural Resources resolutions #635 in 1990 and #756 in 1992 authorized settlement of the FDA debt to the RMCA by transferring timber-cutting rights on State Forest Purchase Lands (formerly known as Forest Board Purchase Lands) to the Common School, Capitol Building, Normal School, and University granted trusts. A one-third interest in assets (timber-cutting rights) of the FDA on 35,655 acres was transferred to these trusts. The value of these transfers eliminated the debt between FDA and RMCA.

A total of \$2,473,294 was distributed to the trusts from timber harvested during fiscal year 2005. The RMCA received \$618,324 from this activity. Because this is repayment of a loan, the transactions are recorded as an operating transfer rather than as current period revenue.

The values from the harvest activity by fund, as well as RMCA trust for FY 2005, and in total since the adoption of resolution 635 in 1990 are:

	FY 2005	Total-to-date
Common School Construction Account	\$618,611	\$15,457,748
Capitol Building Construction Account	235,814	5,892,494
Normal School Permanent Account	754,863	18,862,416
State University Permanent Account	245,682	9,283,787
Total Trust Funds	\$1,854,970	\$49,496,445

Resource Management Cost Account

Common School Trust	\$206,418	\$5,147,786
Capitol Building Trust	78,748	1,964,315
Normal School Trust	251,264	6,265,924
University Trust	81,894	3,094,596
Total RMCA	\$618,324	\$16,472,621

10 OPERATING TRANSFERS

According to the Office of Financial Management's interpretation of generally accepted accounting principles, debt service funds (funds used to pay off debts), such as the UW or WSU Bond Retirement accounts, cannot receive revenue directly. Instead, revenues to these two funds are recorded to the respective permanent funds, and then an operating transfer is made to the appropriate debt service fund.

11 TRUST FUNDS – CURRENT AND PERMANENT

Trust Current Funds are funds that individual trust beneficiaries can draw from. *Trust Permanent Funds* are endowments which generate interest that can be transferred to the Current Funds.

12 NATURAL RESOURCES EQUIPMENT ACCOUNT

Total all funds and activity does not include funds classified as internal service funds. The Natural Resources Equipment Account is DNR's only internal service fund. This fund is used to maintain, replace and provide equipment to DNR's programs on a rental basis. In 2005, this fund had revenue of \$14,531,536 and expenses of \$14,372,543.

13 RMCA PORTION OF TRUST LAND REVENUES

On most transactions, the Resource Management Cost Account receives 25 percent and the trusts receive 75 percent of revenues from trust lands. However, some transactions are subject to a different distribution ratio. These transactions include aquatic resources, miscellaneous non-trust revenues, interest earnings, land sales transactions and interfund loan repayment, the latter of which affects the Common School, University, Capitol Building and Normal School trusts. As a result, revenue on individual trust and grant lands summary pages may not reflect the usual 25 percent/75 percent distribution.

The tables below reflect trust activity with Forest Board Repayment activity. Refer to fiscal note #17 for trust activity related to the University Trust.

COMMON SCHOOL / ESCHEAT TRUST

Source / Activity	Total Revenue	Com. Sch. Construct.	Com. Sch. Perman.	RMCA
<u>Trust Activity</u>				
Timber sales	\$64,027,409	\$48,018,767	\$0	\$16,008,642
Timber sales-related	215,398	161,873	0	53,525
Leases	19,467,467	14,517,196	205,565	4,744,706
Late interest	27,026	13,039	0	13,987
Fees/service charges	88,221	13,085	0	75,136
Operating transfer - in	825,029	618,611	0	206,418
Subtotal	84,650,550	63,642,571	205,565	21,102,414
Forest Board Repayment				
Sales	645,570	0	0	945,570
Operating transfer - out	(825,029)	0	0	(825,029)
Total trust activity	84,771,091	63,642,571	205,565	21,222,955
<u>Non-Trust Activity</u>				
STO interest	126,070	37,813	0	88,257
Land sales/trust land transfer	27,365,555	21,872,000	0	5,493,555
Other Revenue	199,956	0	126,697	73,259
Total non-trust activity	27,691,581	21,909,813	126,697	5,655,071
TOTAL	\$112,462,672	\$85,252,384	\$332,262	\$26,878,026

CAPITOL BUILDING TRUST

Source / Activity	Total Revenue	Cap. Bldg. Construct.	RMCA
<u>Trust Activity</u>			
Timber sales	\$10,826,241	8,119,624	\$2,706,617
Timber sales-related	(185)	(144)	(41)
Leases	171,966	128,449	43,517
Late interest	985	739	246
Fees/service charges	(2,009)	0	(2,009)
Operating transfer - in	314,562	235,814	78,748
Subtotal	11,311,560	8,484,482	2,827,078
Forest Board Repayment			
Sales	360,522	0	360,522
Operating transfer - out	(314,563)	0	(314,563)
Total trust activity	11,357,519	8,484,482	2,873,037
<u>Non-Trust Activity</u>			
STO interest	51,713	4,730	46,983
Other Revenue	7,981	0	7,981
Total non-trust activity	59,694	4,730	54,964
TOTAL	11,417,213	\$8,489,212	\$2,928,001

NORMAL SCHOOL TRUST

Source / Activity	Total Revenue	Capital Projects	Normal School Perman.	RMCA
<u>Trust Activity</u>				
Timber sales	\$2,679,740	\$0	\$2,010,445	\$669,295
Timber sales-related	17	4	0	13
Leases	104,061	73,845	4,201	26,015
Late interest	68	0	51	17
Fees/service charges	0	0	0	0
Operating transfer - in	1,006,127	0	754,863	251,264
Subtotal	3,790,013	73,849	2,769,560	946,604
Forest Board Repayment				
Sales	1,153,128	0	0	1,153,128
Operating transfer - out	(1,006,127)	0	0	(1,006,127)
Total trust activity	3,937,014	73,849	2,769,560	1,093,605
<u>Non-Trust Activity</u>				
STO interest	19,521	1,649	0	17,872
Land sales/trust land transfer	0	0	0	0
Other Revenue	3,038	0	0	3,038
Total non-trust activity	22,559	1,649	0	20,910
TOTAL	\$3,959,573	\$75,498	\$2,769,560	\$1,114,515

14 NON-TRUST REVENUE

Non-trust revenue cannot be attributed to a specific trust. Activities include forest road assessments, miscellaneous services, manuals and publications, prior period adjustments, application fees, and interest income.

15 NEGATIVE TRUST REVENUE

Negative revenue reflects accounting adjustments (such as bad-debt write-offs, credit memos) from a prior fiscal year. FY 2005 negative revenues for rights-of-way were due to funding adjustments of prior period billings for transfers of jurisdiction in agreements with the Washington State Department of Transportation.

16 TREASURER'S REVENUE

Due to the schedule for distributing revenue, revenue from State Forest Lands (formerly known as Forest Board Lands) may earn interest before it is distributed to the appropriate county. Interest earnings cannot be attributed specifically to Transfer Lands or Purchase Lands. This revenue is accounted for as *treasurer's revenue* and is distributed to the appropriate county.

17 UNIVERSITY TRUST — ORIGINAL, TRANSFERRED, REPAYMENT

The accounting for the University Trust combines activity from original University trust lands, lands which have been transferred to the trust, and the University Trust's share of interfund loan repayment as described in fiscal note #9.

The following is a breakdown of the different elements contributing to the information for University Grants.

Trust Source/Activity	Total	Bond Retirement	University Permanent	RMCA
University - Transferred				
Timber sales	\$1,937,544	\$0	\$1,453,158	\$484,386
Timber sales-related	(2,840)	0	(2,130)	(710)
Leases	214,824	0	161,117	53,707
Miscellaneous - trespass	596	0	447	149
Late interest	10	0	7	3
Sale of property - other	9,000	0	6,750	2,250
Fees/service charges	3,365	0	0	3,365
Operating transfer - in	1,818,135	1,490,559	245,682	81,894
Operating transfer - out	(1,490,559)	0	(1,490,559)	0
Total	\$2,490,075	\$1,490,559	\$374,472	\$625,044
University - Original				
Timber sales	\$385,839	\$0	\$289,379	\$96,460
Leases	105,178	0	78,883	26,295
Fines and forfeits	3	0	2	1
Late interest	0	0	0	0
Operating transfer - in	78,883	78,883	0	0
Operating transfer - out	(78,883)	0	(78,883)	0
Total	\$491,020	\$78,883	\$289,381	\$122,756
University Repayment				
Timber sales	\$327,576	\$0	\$0	\$327,576
Operating transfer - out	(327,576)	0	0	(327,576)
Total	\$0	\$0	\$0	\$0
Non-trust allocation				
STO interest	\$12,561	\$943	\$0	\$11,618
Non-trust revenue allocation	2,076	0	0	2,076
Total	\$14,637	\$943	\$0	\$13,694
TOTAL	\$2,995,732	\$1,570,385	\$663,853	\$761,494

18 OVERSTATED REVENUE

Distribution of revenue from Special Use leases to the Common School Construction Account is overstated by \$568,000 because some information was not available in time to make the adjustment for the fiscal year end reports. Revenue and distribution figures (e.g., totals, subtotals) that include the revenue distributed to that account are also overstated by the same amount. The amounts reported on the tables in the fiscal pages reconcile with the state financial reports. In FY 2006, revenue and distribution shown on these tables will be understated by the same amount.

State Trust Lands Management Fund Accounting Report

STATUTORY AUTHORITY AND REQUIREMENTS

Subject to legislative appropriation, the Department of Natural Resources is authorized by RCWs 79.64.100 and 79.64.030 to use funds from the Resource Management Cost Account (RMCA) and Forest Development Account (FDA) interchangeably in the management of State Grant Lands and State Forest Lands (formerly known as Forest Board Lands). The law also states, however, that an annual accounting will be kept of payments made by one fund on behalf of another. For example when RMCA funds are used to pay for activities on State Forest Lands,* it shall be considered a debt against the FDA. RCW 79.64.030 also requires that the results of the accounting be reported to the legislature at the next regular session.

ACCOUNTING PROCEDURES

Beginning with fiscal year 1996, the following Cost Allocation System accounting procedures have been used to calculate any debt or loan between the management funds:

A. All operating program expenditures that can be determined to benefit a particular land category are directly charged to that land category.

B. Expenditures for the majority of the Department's operating programs for which the benefiting land category cannot be determined (indirect expenditures) are allocated to land categories based on staff month percentages derived from personnel time charged directly to those land categories or by Western Washington forested acres.

C. Capital outlay expenditures that benefit particular land categories are determined in advance then charged by land category in the ratio set by appropriations.

D. Agency Administration and Support costs are allocated to land category based on Agency work plans for the year as established during the budget process.

E. Direct charges and indirect charges are totaled by land category within the Cost Allocation System. Expenditures paid from the RMCA and FDA accounts are compared to these total charges for Grant Lands and State Forest Lands* to determine how much of the charges were paid from one account on behalf of the other. If RMCA funds were used to pay State Forest charges, a debt principal is incurred in that amount. If State Forest funds were used to pay RMCA charges, the debt principal is reduced by that amount. Funding adjustments may be made periodically during the fiscal year to align expenditures by fund with total charges for Grant Lands and State Forest Lands* to prevent the accumulation of any new debt in the year.

F. As required by law, interest is charged on the debt incurred. A full year's interest is charged on cumulative debt carried from the previous year. One half-year's interest is calculated on the change in the debt principal occurring during the current year.

G. Cumulative debt from the preceding year, plus new principal and interest charges, are totaled to determine the new cumulative debt.

RMCA/FDA DEBT/LOAN ACCOUNTING FOR FISCAL YEAR 2005

	Grant Lands	State Forest Lands*
2005 Trust Charges	\$38,103,058	\$23,031,078
RMCA Expenditures	38,103,058	—
FDA Expenditures	—	\$23,031,078
Cumulative Debt/Loan	0	0

FISCAL YEAR 2005 MANAGEMENT FUND DEBT STATUS

As of June 30, 2005, no debt exists between the State Forest Lands* (Forest Development Account) and the Grant Lands (Resource Management Cost Account).

*Formerly known as Forest Board Lands.

Total Revenue and Expenditures

● DNR generates more revenue than it expends. DNR-generated and collected revenues fund state and county projects and programs, including ones in DNR.

DNR's expenditures reflect the department's diverse work. Land management activities are investments in the long-term benefits and productivity of the resources. Other activities support regulatory, assistance and resource protection programs, as well as agency operations.

Capital expenditures include land acquisitions on behalf of state trusts and Natural Areas.

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REVENUE BY SOURCE ¹	FY 2005	FY 2004
Sales		
Timber sale removals	\$211,128	\$175,299
Timber sale-related activities	540	323
Forest road assessments	13,964	11,879
Nursery seedling sales	2,800	2,332
Miscellaneous	456	512
	<u>\$228,887</u>	<u>\$190,345</u>
Leases		
Agriculture	\$9,096	\$8,608
Aquatic	16,760	15,781
Commercial real estate	8,190	7,418
Mineral and hydrocarbon	1,789	969
Communication sites	3,223	2,772
Rights-of-way	1,316	2,418
Miscellaneous ¹⁸	1,865	1,203
	<u>\$42,239</u>	<u>\$39,169</u>
Other Revenue		
Interest income	\$1,283	\$852
Fire assessments and cost reimbursement	9,740	10,362
Grants and contributions	17,194	12,491
Permits, fees, and related charges	3,258	2,876
Miscellaneous	1,766	15,766
	<u>\$33,241</u>	<u>\$42,347</u>
Total Revenue from Operations	<u>\$304,367</u>	<u>\$271,861</u>
Other Activity		
Land transfers ³	\$46,250	\$33,533
Land bank ⁴	5,494	267
	<u>\$51,744</u>	<u>\$33,800</u>
Total Revenue¹⁸	<u>\$356,111</u>	<u>\$305,661</u>

Revenues are shown for two years for comparison. Differences between the years reflect changes in market conditions, legal requirements, availability of resources, and other factors.

Amounts are reported in thousands of dollars.
Totals may not add due to rounding.

See fiscal notes, pages 22-25

DID YOU KNOW?

DNR generates most of the revenue it collects, and most of that revenue goes to state trust beneficiaries.

Total Revenue and Expenditures (Continued)

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EXPENDITURES BY PROGRAM ²	FY 2005	FY 2004
Operating		
Agricultural resources	\$1,494	\$1,276
Asset management & protection	7,579	6,156
Product sales & leasing	18,426	14,128
Land management	16,227	13,088
Aquatic resources*	12,978	7,748
Administration	3,336	3,340
Interagency payments	8,698	9,051
Agency support	17,579	16,358
Geologic resources	2,043	1,715
Forest practices & federal assurances	9,929	11,783
Engineering services	12,777	11,282
Resource protection	19,607	18,944
Fire suppression	17,986	28,929
	<u>\$148,661</u>	<u>\$143,797</u>
Capital		
Radio system upgrade	\$1,041	\$1,232
Recreation	323	84
Aquatic resources projects	46	57
Real estate and property acquisition	52,158	37,612
Facilities	5,214	696
Small timber landowner program	1,907	2,010
Miscellaneous	1,362	115
	<u>\$62,051</u>	<u>\$41,806</u>
Total Expenditures	<u>\$210,711</u>	<u>\$185,603</u>

DID YOU KNOW?**DNR is largely self-supporting.****About 2/3 of its operating costs are funded by revenue it brings in.**

Expenditures are shown for two years for comparison. Differences between the years reflect changes in the programs, legal requirements, salaries and benefits, inflation, and other factors.

* FY 2005 Aquatic Resources expenditures include one-time settlement costs for contaminated sediment cleanup.

Amounts are reported in thousands of dollars. Totals may not add due to rounding.

See fiscal notes, pages 22-25

Fiscal Activity by Fund

● DNR's fiscal activity includes generating revenue for a variety of funds and accounts, some of which benefit state trust beneficiaries and some of which fund state programs, including DNR's. DNR's fiscal activity also includes expenditures supporting its work.

Some of the accounts that receive revenue from DNR or that fund DNR's expenditures are managed by DNR; others are managed by other agencies.

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DNR-ADMINISTERED FUNDS

Fund Title	Beginning Balance 7/1/04	Revenue	DNR Expenditure	Ending Balance 6/30/05
Trust Management Accounts*				
Forest development (FDA)	\$29,550	\$25,976	\$(23,031)	\$32,495
Resource management (RMCA)	12,407	43,235	(38,103)	17,539
Agricultural college (ACTMA)	237	0	(100)	138
	<u>\$42,194</u>	<u>\$69,212</u>	<u>\$(61,234)</u>	<u>\$50,172</u>
Other DNR-Administered Funds				
Access road revolving	\$4,298	\$13,915	\$(10,249)	\$7,963
Aquatic lands dredged material	457	610	(166)	901
Aquatic lands enhancement ⁷	N/A	10,690	(4,870)	N/A
Clarke-McNary	239	4,840	(4,839)	239
Conservation areas stewardship	105	7	0	112
Contract harvesting revolving	391	2,907	(2,861)	437
Derelict vessel removal account ⁸	N/A	0	(261)	N/A
Forest fire protection assessments	3,004	7,717	(6,915)	3,805
Landowner contingency forest fire	6,147	952	(635)	6,465
Off-road vehicle ⁶	N/A	0	(2,149)	N/A
Park land trust revolving	471	12,629	(4,367)	8,733
Real property replacement ³	22,492	12,334	(11,282)	23,544
School construction revolving	52	1	0	52
State forest nursery revolving	1,346	2,603	(2,353)	1,595
Surface mining reclamation	389	1,022	(1,066)	344
Surveys and maps	1,246	1,138	(1,008)	1,376
	<u>\$40,637</u>	<u>\$71,365</u>	<u>\$(53,023)</u>	<u>\$55,567</u>
Total DNR-Administered Funds	<u>\$82,831</u>	<u>\$140,577</u>	<u>\$(114,257)</u>	<u>\$105,739</u>

Amounts are reported in thousands of dollars.

Totals may not add due to rounding.

N/A = not applicable

* These accounts fund DNR's management of state trust lands. Revenue may be carried over from year to year. As a result, any given year's expenditures do not necessarily correlate to that year's revenue. See pages 30, 32, 40, 42, and 44 for more detailed accounting. FDA and RMCA are funded through revenue generated from the lands whose management they support. ACTMA is not funded through such revenue, but instead, through a legislative appropriation from the State General Fund.

See fiscal notes,
pages 22-25

Fiscal Activity by Fund (Continued)

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FUNDS ADMINISTERED BY OTHER ENTITIES

Fund Title	Revenue	DNR Expenditure	Net Fiscal Activity
Trust Current Funds ¹¹			
Common school construction ¹⁸	\$85,252	0	\$85,252
Community college forest reserve*	1	(70)	(69)
WSU bond retirement	907	0	907
UW bond retirement	1,570	0	1,570
CEP&RI	5,667	0	5,667
EWU capital project	19	0	19
CWU capital project	19	0	19
WWU capital project	19	0	19
TESC capital project	19	0	19
Capitol building construction	8,489	0	8,489
Forest board counties	81,117	0	81,117
	<u>\$183,079</u>	<u>(70)</u>	<u>\$183,009</u>
Trust Permanent Funds ¹¹			
Agricultural college (WSU)	\$4,058	0	\$4,058
Normal school (EWU, CWU, WWU, TESC)	2,770	0	2,770
Common school (K-12)	332	0	332
Scientific (WSU)	5,038	0	5,038
State university (UW)	664	0	664
	<u>\$12,862</u>	<u>0</u>	<u>\$12,862</u>
Other Funds			
General fund	\$19,268	\$(58,271)	\$(39,003)
State building construction	14	(35,468)	(35,454)
Motor vehicle	6	0	6
Air pollution control	231	(146)	85
State toxics control	0	(890)	(890)
State wildlife account	73	0	73
Water quality	1	(1,609)	(1,609)
	<u>\$19,593</u>	<u>\$(96,384)</u>	<u>\$(76,791)</u>
Total other fiscal activity	<u>\$215,534</u>	<u>\$(96,454)</u>	<u>\$119,080</u>
Total all funds and activity^{12, 18} (pages 28 & 29)	<u>\$356,111</u>	<u>\$(210,711)</u>	

* All revenue for the Community College Reserve Trust was generated from leases. DNR expenditures from the fund were to purchase land for the trust.

Amounts are reported in thousands of dollars.

Totals may not add due to rounding.

See fiscal notes,
pages 22-25

Resource Management Cost Account (RMCA) Upland + Aquatic

Revenue, Expenditures and Fund Balance

● The Resource Management Cost Account (RMCA) funds DNR's land management activities on state grant lands. DNR deposits a portion of the revenue it generates from these lands into the account, and the Legislature appropriates funds from the account to DNR for expenditures. The RMCA can be used only for land management expenses (e.g., reforestation, preparing timber sales or managing aquatic leases) that support state grant lands.

'05

Fund Balance (July 1, 2004)	\$12,406,624
RMCA Revenue	\$43,235,014
Less: Expenditures ²	
Agricultural resources	\$2,714,869
Asset management & protection	1,656,417
Product sales & leasing	7,375,113
Land management	6,675,316
Correctional Camps	988,154
Administration	1,028,731
Interagency payments	2,681,966
Agency support	5,814,160
Aquatic resources	5,377,977
Engineering services	1,851,574
Total operating expenditures	\$36,164,277
Total capital expenditures	1,938,782
Total expenditures and other charges	<u>38,103,058</u>
RMCA Fund Balance (June 30, 2005) *	<u>\$17,538,580</u>

Totals may not add due to rounding.

* The RMCA fund balance includes \$7,295,372 reserved for land bank purchases to replace previously sold trust lands, per Chapter 79.19 RCW.

See fiscal notes, pages 22-25

State Grant Lands Upland + Aquatic

Revenue and Distribution

● State grant lands (upland and aquatic) were granted to Washington at statehood by the federal government. Each upland parcel is assigned to a specific state trust dedicated to financially supporting a specific beneficiary (e.g., the Common School Trust supports construction of K-12 schools). The aquatic lands are designated as a public trust to benefit the public as a whole. Income from state grant lands is divided among trust beneficiary accounts and the RMCA, which DNR uses to manage the lands.

'05

REVENUE		DISTRIBUTION		
Source	Total All Funds	Trust Current Funds ¹¹	Trust Permanent Funds ¹¹	Resource Management Cost Account ¹³
Sales				
Timber sales ^{9, 13, 17}	\$99,287,263	\$61,956,439	\$13,617,648	\$23,713,176
Timber sales-related activities ¹	293,085	161,985	77,968	53,132
Trust land transfer program ³	21,872,000	21,872,000	0	0
Land sales (includes land bank) ⁴	5,493,555	0	0	5,493,555
	\$126,945,903	\$83,990,424	\$13,695,616	\$29,259,863
Leases				
Agriculture				
Dryland	\$3,191,618	\$2,144,187	\$276,345	\$771,086
Irrigated	5,223,697	3,620,826	314,258	1,288,613
Grazing and other	657,794	472,543	23,234	162,017
Aquatic lands	16,759,603	9,870,597	0	6,889,006
Special use ¹⁸	1,192,878	1,014,679	22,229	155,970
Commercial real estate	8,188,642	6,060,554	82,956	2,045,132
Mineral and hydrocarbon	1,623,390	933,530	235,476	454,384
Rights-of-way	1,194,607	608,196	29,643	556,768
Communication sites	2,205,917	1,168,177	499,905	537,836
Special forest products	402,459	277,368	24,744	100,347
	\$40,640,605	\$26,170,657	\$1,508,790	\$12,961,159
Other Revenue				
Interest income	\$425,602	\$97,062	\$2,326	\$326,214
Non-trust revenue ¹⁴	118,223	380	0	117,842
Operating transfer ^{1, 10}	492,440	2,471,193	(2,471,193)	492,440
Permits, fees, and miscellaneous ¹	126,319	(77,873)	126,697	77,495
	\$1,162,584	\$2,490,763	\$(2,342,170)	\$1,013,991
Total Revenue ¹⁸	\$168,749,092	\$112,651,843	\$12,862,236	\$43,235,012

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Resource Management Cost Account (RMCA) Upland

Revenue, Expenditures and Fund Balance

● This portion of the RMCA supports the land management of upland state grant lands, each of which supports a specific, designated beneficiary.

'05

Trust Balance (July 1, 2004)	\$9,604,659
RMCA Uplands Revenue	\$35,520,332
Less: Expenditures ²	
Agricultural resources	\$2,714,869
Asset management & protection	1,656,417
Product sales & leasing	7,375,113
Land management	6,675,316
Correctional camps	988,154
Administration	739,462
Interagency payments	1,927,824
Agency support	3,896,210
Engineering services	1,851,574
Total operating expenditures	\$27,824,939
Total capital expenditures	1,938,782
Total expenditures and other charges	29,763,721
Trust Balance (June 30, 2005)*	\$15,361,270

Totals may not add due to rounding.

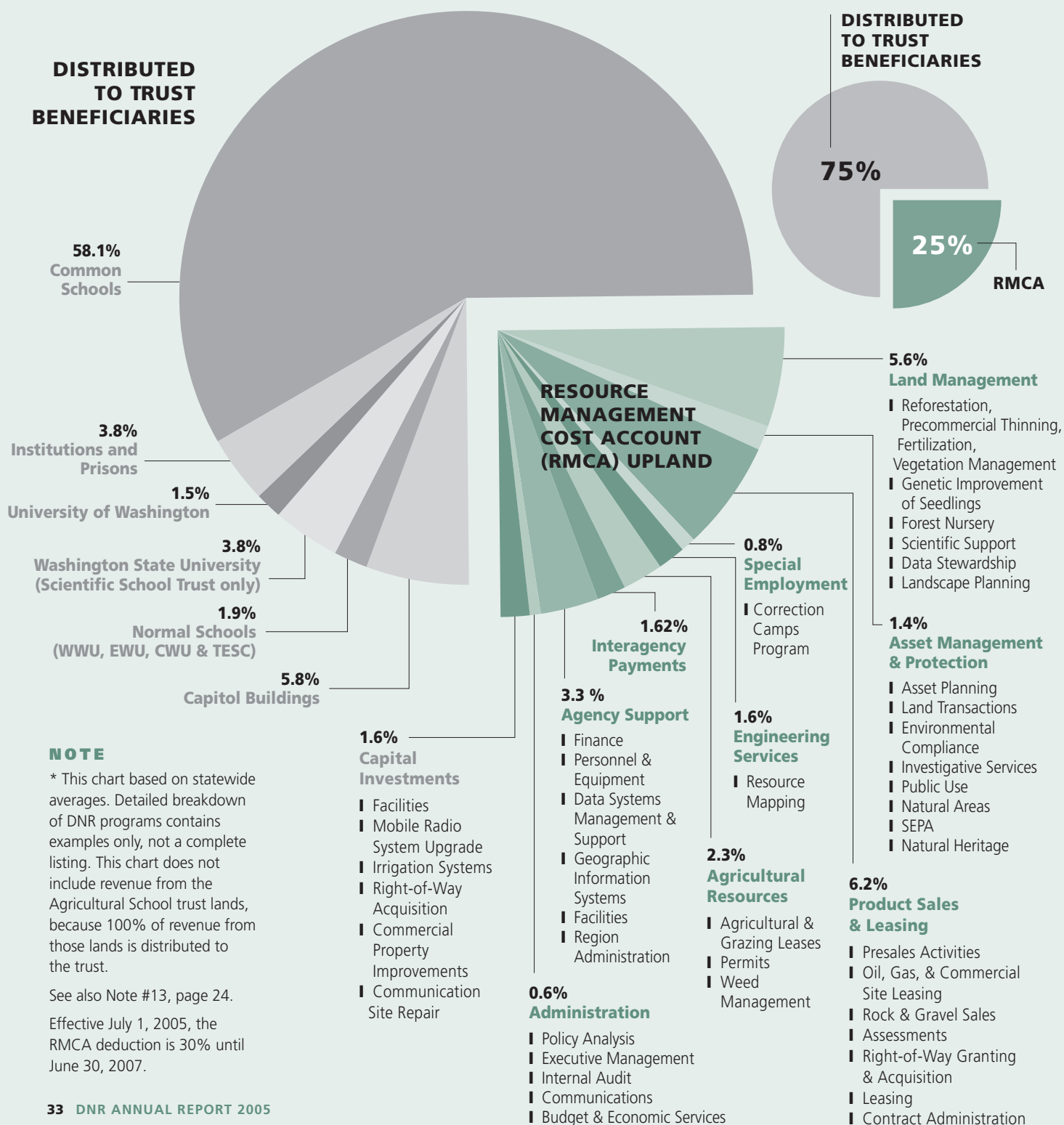
* The RMCA fund balance includes \$7,295,372 reserved for land bank purchases to replace previously sold trust lands, per Chapter 79.19 RCW.

See fiscal notes, pages 22-25

General* Distribution of Revenue from Upland State Grant Lands

● Generally, by law, each beneficiary of the upland state grant land trusts receives 75% of the revenue earned from its lands, and the remaining 25% goes to the RMCA to fund DNR's management of the lands. This chart shows the combined distribution, with each trust beneficiary's share proportional

to its share of the total revenue earned, and with the RMCA share divided among DNR's expenditures from the account for upland management activities. Expenditures are appropriated by the Legislature and are ongoing investments to keep the lands productive and to generate future income for the trusts.



Common School, Indemnity and Escheat Grants

Revenue and Distribution

Income from these state grant lands and escheat lands (those with no known heirs) supports construction of state public kindergarten through 12th grade schools.

The beneficiary's share of income is distributed to the Common School Construction Account and the Common School Permanent Account, which generates perpetual interest for the support of school construction. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION		
Source	Total Funds	Common School Construction	Common School Permanent	Resource Management Cost Account ¹³
Sales				
Timber sales ^{9, 13}	\$64,852,393	\$48,637,378	0	\$16,215,015
Timber sales-related activities ¹	215,398	161,873	0	53,525
Trust land transfer program ³	21,872,000	21,872,000	0	0
Land sales (includes land bank) ⁴	5,493,555	0	0	5,493,555
	\$92,433,346	\$70,671,251	\$ 0	\$21,762,095
Leases				
Agriculture				
Dryland	\$2,527,909	\$1,895,933	0	\$631,976
Irrigated	4,801,623	3,601,217	0	1,200,406
Grazing and other	611,786	458,840	0	152,946
Aquatic Lands	0	0	0	0
Special use ¹⁸	1,131,016	990,262	0	140,754
Commercial real estate	8,067,473	6,051,295	0	2,016,178
Mineral and hydrocarbon	698,052	302,287	221,252	174,513
Rights-of-way ¹⁵	(104,743)	(62,870)	(15,687)	(26,186)
Communication sites	1,405,453	1,033,558	0	371,895
Special forest products	328,898	246,674	0	82,224
	\$19,467,467	\$14,517,196	\$205,565	\$4,744,706
Other Revenue				
Interest income	\$153,122	\$50,852	0	\$102,270
Non-trust revenue ¹⁴	73,259	0	0	73,259
Operating transfer ¹	120,541	0	0	120,541
Permits, fees, and miscellaneous ¹	214,928	13,085	126,697	75,146
	\$561,850	\$63,937	\$126,697	\$371,216
Total Revenue¹⁸	\$112,462,663	\$85,252,384	\$332,262	\$26,878,017

Totals may not add due to rounding.

See fiscal notes, pages 22-25

University Grants (UW) Original and Transferred

Revenue and Distribution

Income from these state grant lands supports construction of buildings for the University of Washington. Some of these lands were acquired at the time of statehood, and some lands were transferred to this trust from the CEP&RI trust by the Legislature in 1893. The beneficiary's share of income is distributed to the University Permanent and UW Bond Retirement accounts. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION		
Source	Total Funds	UW Bond Retirement	State (UW) University Permanent	Resource Management Cost Account ¹³
Sales				
Timber sales ¹⁷	\$2,472,019	0	\$1,988,219	\$483,800
Timber sales-related activities ^{1, 15}	(2,241)	0	(1,681)	(560)
Land sales (includes land bank)	0	0	0	0
	\$2,469,778	\$ 0	\$1,986,538	\$483,240
Leases				
Agriculture				
Dryland	\$143,603	0	\$107,702	\$35,901
Irrigated	0	0	0	0
Grazing and other	15,427	0	11,570	3,857
Aquatic lands	0	0	0	0
Special use	1,700	0	1,275	425
Commercial real estate	103,472	0	77,604	25,868
Mineral and hydrocarbon	9,000	0	6,750	2,250
Rights-of-way	37,406	0	28,055	9,351
Communication sites	0	0	0	0
Special forest products	18,394	0	13,794	4,600
	\$329,002	\$ 0	\$246,750	\$82,252
Other Revenue				
Interest income	\$12,571	\$943	\$7	\$11,621
Non-trust revenue ¹⁴	2,076	0	0	2,076
Operating transfer ^{1, 10}	178,940	1,569,442	(1,569,442)	178,940
Permits, fees, and miscellaneous ¹	3,365	0	0	3,365
	\$196,952	\$1,570,385	\$(1,569,435)	\$196,002
Total Revenue	\$2,995,732	\$1,570,385	\$663,853	\$761,494

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Charitable, Educational, Penal and Reformatory Institutions Grant (CEP&RI)

Revenue and Distribution

Income from these state grant lands is used to establish and maintain institutions managed by the Department of Corrections (such as prisons) and the Department of Social and Health Services (such as Western State Hospital). The beneficiary's share of income is distributed to the CEP&RI Account.

'05

REVENUE		DISTRIBUTION	
Source	Total Funds	CEP&RI Account	Resource Management Cost Account ¹³
Sales			
Timber sales	\$6,616,989	\$4,963,623	\$1,653,366
Timber sales-related activities ¹	342	256	86
Land sales (includes land bank)	0	0	0
	\$6,617,331	\$4,963,879	\$1,653,452
Leases			
Agriculture			
Dryland	\$224,667	\$183,500	\$61,167
Irrigated	2,273	1,705	568
Grazing and other	10,471	7,853	2,618
Aquatic lands	0	0	0
Special use	5,316	3,987	1,329
Commercial real estate	11,150	8,363	2,787
Mineral and hydrocarbon	633,969	475,477	158,492
Rights-of-way	67,238	50,429	16,809
Communication sites	117,499	87,450	30,049
Special forest products	16,625	12,469	4,156
	\$1,109,208	\$831,233	\$277,975
Other Revenue			
Interest income	\$21,850	\$(5,324)	\$27,174
Non-trust revenue ¹⁴	5,244	0	5,244
Operating transfer	0	0	0
Permits, fees, and miscellaneous ^{1, 15}	(162,871)	(122,898)	(39,973)
	\$(135,778)	\$(128,222)	\$(7,555)
Total Revenue	\$7,590,761	\$5,666,890	\$1,923,872

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Capitol Building Grant

Revenue and Distribution

Income from these state grant lands supports construction of state government office buildings at the Capitol Campus in Olympia.

The beneficiary's share of income is distributed to the Capitol Building Construction Account.

'05

REVENUE		DISTRIBUTION	
Total Revenue and Distribution	Total Funds	Capitol Building Construction	Resource Management Cost Account ¹³
Sales			
Timber sale	\$11,140,786	\$8,355,438	\$2,785,348
Timber sales-related activities ^{1, 15}	(185)	(144)	(41)
Land sales (includes land bank)	0	0	0
	\$11,140,601	\$8,355,294	\$2,785,307
Leases			
Agriculture			
Dryland	\$44,115	\$33,086	\$11,029
Irrigated	0	0	0
Grazing and other	3,223	2,417	806
Aquatic lands	0	0	0
Special use	19,069	14,302	4,767
Commercial real estate	1,195	896	299
Mineral and hydrocarbon	12,761	9,571	3,190
Rights-of-way	17,023	12,767	4,256
Communication sites	63,592	47,169	16,423
Special forest products	10,988	8,241	2,747
	\$171,966	\$128,449	\$43,517
Other Revenue			
Interest income	\$52,708	\$5,469	\$47,239
Non-trust revenue ¹⁴	7,981	0	7,981
Operating transfer ¹	49,959	0	45,959
Permits, fees, and miscellaneous ^{1, 15}	(2,005)	0	(2,005)
	\$104,642	\$5,469	\$99,174
Total Revenue	\$11,417,209	\$8,489,211	\$2,927,998

Totals may not add due to rounding.

See fiscal notes, pages 22-25



LEGISLATIVE BUILDING REHABILITATION PROJECT

In January 2005, a grand reopening was held for the Legislative Building. It had been closed for more than 2 years for rehabilitation work, including repairs for damage from the 2001 Nisqually Earthquake. More than \$85 million of the \$120 million project was funded through the Capitol Building Construction Account.

Normal School Grant (EWU, CWU, WWU and TESC)

Revenue and Distribution

● Income from these state grant lands supports construction at Eastern Washington University, Central Washington University and Western Washington University (regional universities). These three universities were originally called 'normal schools.' The Evergreen State College was added to this trust by the Legislature to begin receiving revenue after July 1, 1995.

The beneficiary's share of income is distributed to the Normal School Permanent Account and capital project accounts for each university. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION		
Source	Total Funds	EWU, CWU WWU, TESC Capital Projects	Normal School Permanent	Resource Management Cost Account ¹³
Sales				
Timber sales ^{9, 13}	\$3,685,813	\$ 0	\$2,765,308	\$920,505
Timber sales-related activities ¹	13	0	0	13
Land sales (includes land bank) ⁴	0	0	0	0
	\$3,685,826	\$0	\$2,765,308	\$920,518
Leases				
Agriculture				
Dryland	\$42,224	\$31,668	\$ 0	\$ 10,556
Irrigated	23,872	17,904	0	5,968
Grazing and other	4,577	3,433	0	1,144
Aquatic lands	0	0	0	0
Special use	8,171	6,128	0	2,043
Commercial real estate	0	0	0	0
Mineral and hydrocarbon	6,304	4,728	0	1,576
Rights-of-way	5,602	0	4,201	1,401
Communication sites	0	0	0	0
Special forest products	13,311	9,984	0	3,327
	\$104,061	\$73,845	\$4,201	\$26,015
Other Revenue				
Interest income	\$19,621	\$1,649	\$51	\$17,921
Non-trust revenue ¹⁴	3,038	0	0	3,038
Operating transfer ¹	147,001	0	0	147,001
Permits, fees, and miscellaneous ¹	16	4	0	12
	\$169,675	\$1,653	\$51	\$167,971
Total Revenue	\$3,959,562	\$75,498	\$2,769,560	\$1,114,504

DID YOU KNOW?

'Normal schools' were teachers colleges. By granting Washington lands to benefit normal schools, the Enabling Act supported Washington in educating not only children, but also the teachers who taught them.

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Scientific School Grant (WSU)

Revenue and Distribution

Income from these state grant lands supports construction of buildings at Washington State University. The beneficiary's share of income is distributed to the Scientific School Permanent and the WSU Bond Retirement accounts. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION		
Source	Total Funds	WSU Bond Retirement	Scientific Permanent	Management Cost Account ¹³
Sales				
Timber sales	\$6,626,093	\$0	\$4,970,951	\$1,655,142
Timber sales-related activities ¹	384	0	275	109
Land sales (includes land bank)	0	0	0	0
	<u>\$6,626,477</u>	<u>\$0</u>	<u>\$4,971,226</u>	<u>\$1,655,251</u>
Leases				
Agriculture				
Dryland	\$81,827	\$ 0	\$61,370	\$20,457
Irrigated	326,685	0	245,014	81,671
Grazing and other	2,584	0	1,938	646
Aquatic lands	0	0	0	0
Special use	26,606	0	19,954	6,652
Commercial real estate	0	0	0	0
Mineral and hydrocarbon	5,668	0	4,251	1,417
Rights-of-way ¹⁵	(44,779)	0	(33,539)	(11,240)
Communication sites	477,691	0	358,223	119,468
Special forest products	13,112	0	9,819	3,293
	<u>\$889,394</u>	<u>\$0</u>	<u>\$667,030</u>	<u>\$222,364</u>
Other Revenue				
Interest income	\$37,432	\$3,592	\$2,264	\$31,576
Non-trust revenue ¹⁴	5,218	0	0	5,218
Operating transfer ¹⁰	0	602,287	(602,287)	0
Permits, fees, and miscellaneous ¹	38	0	0	38
	<u>\$42,688</u>	<u>\$605,879</u>	<u>\$(600,023)</u>	<u>\$36,832</u>
Total Revenue	<u>\$7,558,559</u>	<u>\$605,879</u>	<u>\$5,038,233</u>	<u>\$1,914,447</u>

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Agricultural College Trust Management Account (ACTMA)

Revenue, Expenditures and Fund Balance

● This account funds DNR's management of the Agricultural College trust lands. The ACTMA is funded through an appropriation from the state General Fund. (As of July 1, 1999, Agricultural College trust lands do not contribute to the RMCA, which supports DNR's management of other state grant lands.)

'05

Fund Balance (July 1, 2004) **\$237,114**

Revenue **449**

Less: Expenditures ²

Agricultural resources	\$28,018
Asset management & protection	62,655
Product sales & leasing	308,093
Land management	396,098
Correctional camps	28,533
Administration	11,632
Interagency payments	30,326
Agency support	61,291
Engineering Services	22,506

Total operating expenditures \$949,153

Transfer to General Fund (910,000)

Total capital expenditures 60,445

Total expenditures and other charges **99,598**

ACTMA Fund Balance (June 30, 2005) **\$137,965**

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Agricultural School Grant (WSU)

Revenue and Distribution

Income from these state grant lands supports construction of Washington State University's buildings. All revenue from these lands is income for the trust, and is divided between the Agricultural College Permanent Account and the WSU Bond Retirement Account. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION	
Source	Total Funds	WSU Bond Retirement	Agricultural College Permanent
Sales			
Timber sales	\$3,893,170	\$ 0	\$3,893,170
Timber sales-related activities ¹	79,374	0	79,374
Asset transfer/loan repayment	0	0	0
Land sales (includes land bank)	0	0	0
	<u>\$3,972,544</u>	<u>\$0</u>	<u>\$3,972,544</u>
Leases			
Agriculture			
Dryland	\$107,273	\$0	\$107,273
Irrigated	69,244	0	69,244
Grazing and other	9,726	0	9,726
Aquatic lands	0	0	0
Special use	1,000	0	1,000
Commercial real estate	5,352	0	5,352
Mineral and hydrocarbon	3,223	0	3,223
Rights-of-way	46,613	0	46,613
Communication sites	141,682	0	141,682
Special forest products	1,131	0	1,131
	<u>\$385,244</u>	<u>\$0</u>	<u>\$385,244</u>
Other Revenue			
Interest income	\$1,790	\$1,786	\$4
Non-trust revenue	0	0	0
Operating transfer ¹⁰	0	299,464	(299,464)
Permits, fees, and miscellaneous	0	0	0
	<u>\$1,790</u>	<u>\$301,250</u>	<u>\$(299,460)</u>
Total Revenue	<u>\$4,359,578</u>	<u>\$301,250</u>	<u>\$4,058,328</u>

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Aquatic Lands

Revenue and Distribution

● State-owned aquatic lands (tidelands, shorelands and beds of navigable waters) are a “public trust”—managed to benefit the public as a whole. Revenue from these state grant lands is divided between two accounts:

The RMCA-aquatic supports DNR’s management of state aquatic lands and resources, and the ALEA provides for the purchase, improvement and protection of aquatic lands, largely through grants to public entities. Distribution varies according to activity and land classification, and is governed by law.

’05

REVENUE		DISTRIBUTION	
Source	Total Funds	Aquatic Lands Enhancement	Resource Management Cost Account ¹³
Aquatic Resources Activities			
Leases	\$16,759,603	9,870,597	6,889,006
Mineral and hydrocarbon	254,413	141,467	112,946
Rights-of-way	1,170,247	607,870	562,377
Interest income ¹	126,508	38,095	88,413
Non-trust revenue ¹⁴	21,408	380	21,027
Miscellaneous ¹	72,848	31,936	40,912
Total Revenue	\$18,405,027	\$10,690,345	\$7,714,681

RMCA – AQUATIC

Revenue, Expenditures and Fund Balance

Trust Balance (July 1, 2004)	\$2,801,965
RMCA Aquatic Revenue	7,714,682
Less: Expenditures²	
Aquatic resources	\$5,377,977
Administration	289,269
Interagency payments	754,142
Agency support	1,917,951
Total operating expenditures	8,339,338
Capital expenditures	0
Total expenditures	8,339,338
Trust Balance (June 30, 2005)	\$2,177,309

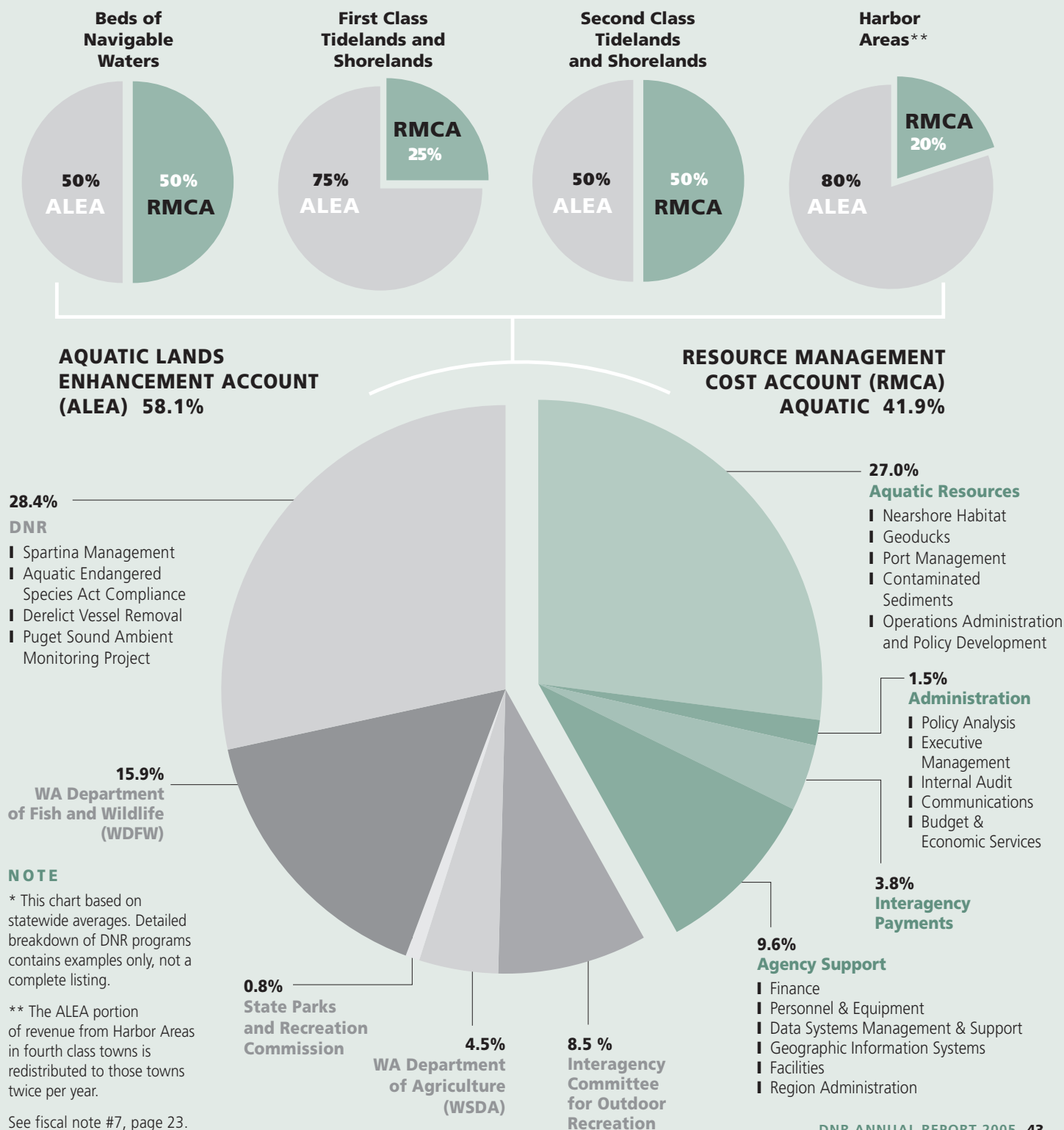
Totals may not add due to rounding.

See fiscal notes, pages 22-25

General* Distribution of Revenue from State-Owned Aquatic Lands

By law, revenue from state-owned Aquatic Lands goes to the ALEA for aquatic resource enhancement and to the RMCA to fund DNR's management of state aquatic lands. Distribution differs for different types of aquatic land — see the small pie charts. The large pie chart shows the combined

total distribution, with the ALEA share divided among state agency expenditures from that account, and the RMCA share divided among DNR's expenditures from the RMCA. Expenditures are appropriated by the Legislature and are ongoing investments to keep the submerged lands productive.



Forest Development Account (FDA)

Revenue, Expenditures and Fund Balance

● The FDA funds DNR's land management activities on State Forest Lands (formerly known as Forest Board Lands) in 21 counties. DNR deposits a portion of the revenue it generates from these lands into the FDA, and the legislature appropriates funds from the account to DNR for expenditures. The FDA is used for land management expenses (e.g., reforestation, preparing timber sales) on State Forest Lands (formerly known as Forest Board Lands).

'05

Fund Balance (July 1, 2004)	\$29,550,083
FDA Revenue	25,976,486
Less: Expenditures ²	
Agricultural resources	\$0
Asset management & protection	915,163
Product sales & leasing	6,584,943
Land management	6,718,052
Correctional camps	1,596,157
Administration	602,922
Interagency payments	1,571,853
Agency support	3,176,778
Engineering services	1,368,415
Total operating expenditures	\$22,534,283
Total capital expenditures	496,795
Total expenditures and other charges	23,031,078
FDA Fund Balance (June 30, 2005)	\$32,495,491

Totals may not add due to rounding.

See fiscal notes, pages 22-25

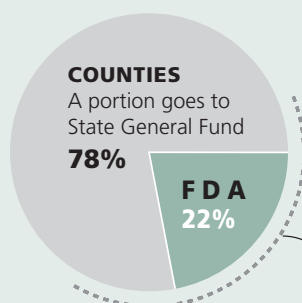
General* Distribution of Revenue from State Forest Lands

(Formerly Known as Forest Board Lands)

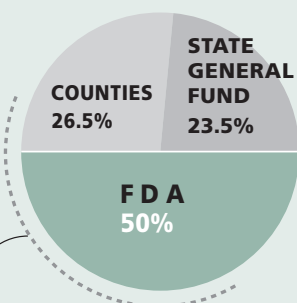
By law, revenue from State Forest Lands (formerly known as Forest Board Lands) goes to the county in which the land is located, the State General Fund for the support of Common Schools, and the FDA to fund DNR's management of the lands. Distribution differs for Transfer lands and Purchase lands — see the small pie charts.

The large pie chart shows the combined total distribution for FY 05, with the FDA share divided among DNR's expenditures from the account. Expenditures are appropriated by the Legislature and are ongoing investments to keep the lands productive and to generate future revenue.

Transfer Lands** 546,100 acres



Purchase Lands 79,400 acres



NOTE

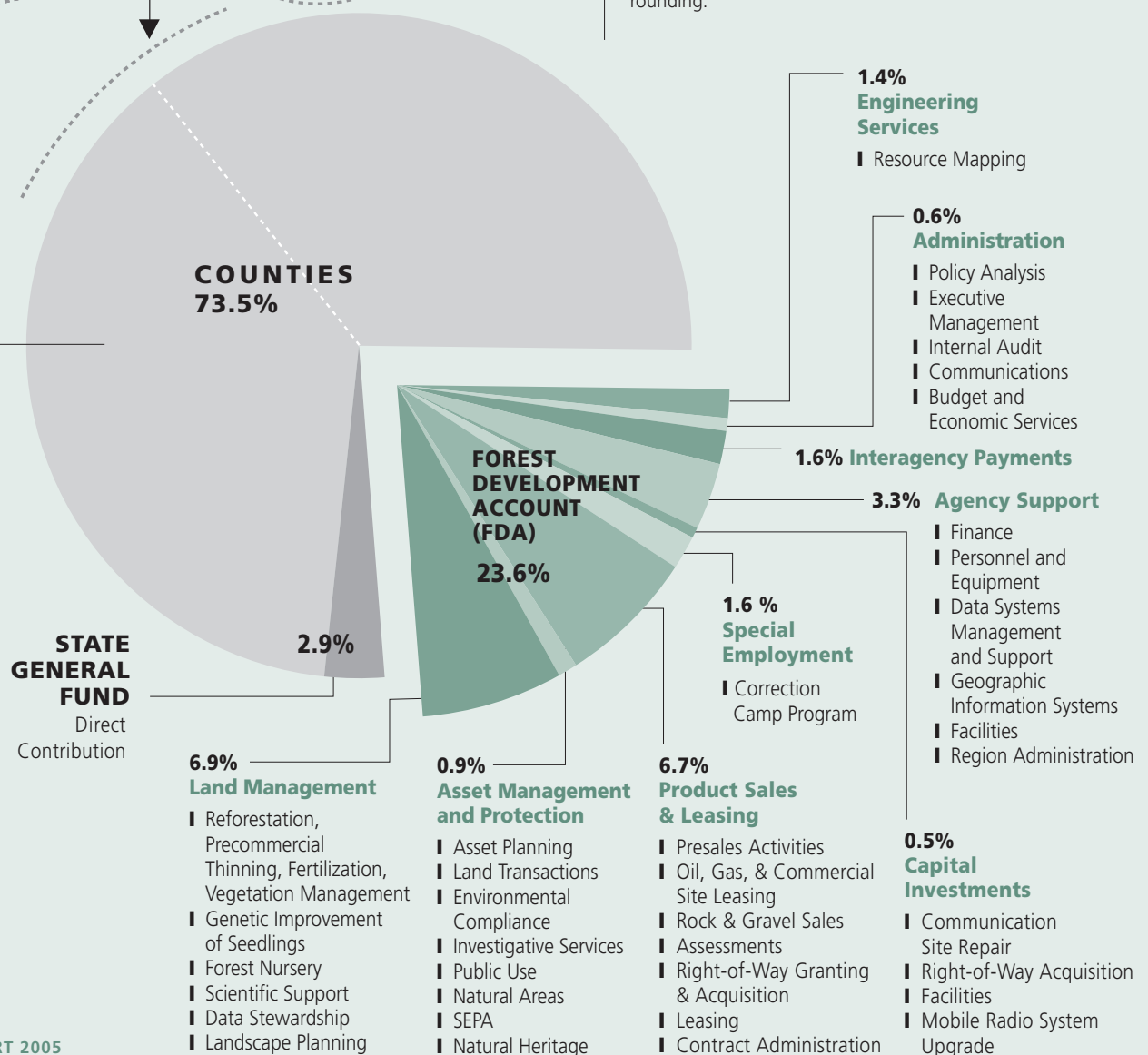
* This chart based on statewide averages. Detailed breakdown of DNR programs contains examples only, not a complete listing.

** Under Board of Natural Resources resolution #97-919, this distribution of revenue will remain in effect until the fund balance reaches six months' operating expenses, at which time DNR is authorized to reinstate the statutory maximum FDA distribution rate (25% FDA / 75% county).

Totals may not add, due to rounding.

Net effect to counties after their redistribution to the General Fund: Estimated 37%.

Counties also redistribute revenue to junior taxing districts, bond retirement, road funds, and other obligations. These vary by county.



State Forest Lands

(Formerly Known as Forest Board Lands)

Income from these lands is distributed to the counties in which the lands are located, the state General Fund for the support of common schools, and the Forest Development Account (FDA) for DNR's land management expenses on these lands. There are two categories of State Forest Lands (formerly known as Forest Board Lands): Purchase lands and Transfer lands.

Purchase lands were given to the state or purchased by the state at low cost. The FDA receives half the income from these lands. The other half is divided between the respective county and the state General Fund for the support of common schools.

'05

REVENUE		CONTRIBUTING LANDS	
Source	Total	Transfer Lands	Purchase Lands
Sales			
Timber sales	\$108,507,821	\$98,056,322	\$10,451,499
Timber sales-related activities ¹	246,167	244,316	1,851
	\$108,753,988	\$93,300,638	\$10,453,350
Leases			
Agriculture/minor forest products	\$201,318	\$149,150	\$52,168
Commercial/special use	56,688	45,829	10,859
Mineral and hydrocarbon	84,800	84,800	0
Rights-of-way	115,500	113,588	1,912
Communication sites	1,014,977	594,240	420,737
	\$1,473,283	\$987,607	\$485,676
Other Revenue			
Interest income ^{1, 15}	\$(9,865)	\$(17,054)	\$7,189
Permits, fees, and miscellaneous ¹	14,854	14,836	18
Treasurer's revenue ¹⁶	44,107	N/A	N/A
FDA non-trust revenue ¹⁴	25,241	N/A	N/A
	\$74,337	\$ (2,218)	\$7,207
Total Revenue	\$110,301,608	\$99,286,027	\$10,946,233

N/A—not applicable

Totals may not add due to rounding.

See fiscal notes, pages 22-25



YACOLT BURN STATE FOREST

The Yacolt Burn State Forest near Vancouver is mostly Transfer Land supporting county services in Clark and Skamania counties.

The forest is named for the fire that devastated the area in 1902.

In just 36 hours, the fire took 38 lives, burned more than 238,000 acres in three counties, and destroyed 12 billion board feet of timber.

State Forest Lands (Continued)

Transfer lands were forfeited to the counties in which they were located when the private landowners failed to pay property taxes, primarily in the 1920s and 1930s. The counties turned the lands over to the state. DNR now manages these lands and distributes at least 75 percent of the income to the counties and up to 25 percent of the income to the FDA.

(As of July 1, 1997, under Board of Natural Resources resolution #97-919, the amount distributed to the counties increased to 78 percent, and the amount distributed to the FDA was reduced to 22 percent. This change will remain in effect until the fund balance in FDA reaches an amount equal to operating expenses for six months, at which time DNR is authorized to reinstate the statutory maximum distribution to the FDA: 25 percent.)

'05

REVENUE DISTRIBUTION		CONTRIBUTING LANDS	
Recipient	Total	Transfer Lands	Purchase Lands
County			
Clallam	\$4,112,828	\$4,112,828	0
Clark	5,801,581	5,790,067	11,514
Cowlitz	1,662,237	1,659,567	2,670
Grays Harbor	1,772,228	300,322	1,471,906
Jefferson	2,189,702	2,189,702	0
King	3,919,163	3,919,163	0
Kitsap	971,912	952,554	19,358
Klickitat	426,965	426,965	0
Lewis	2,656,131	2,656,059	72
Mason	5,677,420	5,675,022	2,398
Okanogan	27	27	0
Pacific	2,996,312	2,697,374	298,938
Pierce	4,251,289	3,991,947	259,342
Skagit	11,860,440	11,860,440	0
Skamania	326,605	318,459	8,146
Snohomish	16,110,351	16,110,242	109
Stevens	40,223	40,223	0
Thurston	6,905,539	5,345,057	1,560,482
Wahkiakum	3,482,950	3,482,950	0
Whatcom	5,908,828	5,901,173	7,655
Treasurer's revenue ¹⁶	44,107	N/A	N/A
	\$81,116,838	\$77,430,141	\$3,642,590
Forest Development Account			
Trust activity	\$25,951,257	\$21,859,478	\$ 4,091,779
Permits, fees, and miscellaneous ^{1, 15}	(11)	(3,589)	3,578
Treasurer's revenue	0	N/A	N/A
FDA non-trust revenue ¹⁴	25,241	N/A	N/A
	\$25,976,487	\$21,855,889	\$4,095,357
General Fund – State*	\$3,208,284	0	\$3,208,284
Total Revenue	\$110,301,609	\$99,286,030	\$10,946,231

N/A—not applicable.
Totals may not add due to rounding.

* Income from Transfer lands is not directly distributed to the State General Fund. However, counties redistribute a portion of their share of income from these lands to the fund.

See fiscal notes,
pages 22-25